



## State of North Carolina Office of the Governor

---

For Release: **IMMEDIATE**  
Date: November 8, 2004

Contact: Press Office  
Phone: 919/733-5612

---

### **THE FACTS ON THE DELL PROJECT** By Dan Gerlach, Senior Advisor for Fiscal Affairs

Various media reports have failed to describe the state's recruitment of Dell accurately. Here are some essential facts that have been lost in the media shuffle. The amount of taxes that Dell pays now in North Carolina is \$0. The number of Dell employees now in North Carolina is also 0. The amount of taxes (after all incentives) that economists estimate will result from the Dell deal to North Carolina will be \$740 million over 20 years. The amount of current taxpayer money used for the new incentives approved by the General Assembly last week is \$0. The number of employees at the Dell plant in North Carolina is 2,000, with 6,000 in additional supplier and indirect new jobs.

Gov. Mike Easley chose to be aggressive and creative in bringing badly needed jobs to hardworking North Carolinians. It would be economically wrong and morally incomprehensible to fail to take such an approach in the face of layoffs forced by federal trade policies. It is unfair to those suffering the hardships and indignity of unemployment and underemployment for some to criticize the recruitment results without providing any concrete alternatives to bring jobs.

This was a chance to fulfill our responsibility to create jobs and opportunity for those most in need, or to squander the chance and watch jobs go to another state. Here are the answers to the basic questions about the deal:

**Who pays for the Dell deal?** Essentially, Dell does. Because it does not have North Carolina employees or own property in North Carolina, Dell Products currently does not pay any state income or franchise taxes -- zero. But when Dell starts building the plant and hiring people in North Carolina, it will have to pay taxes on its income here. All the new incentive does is allow the company to reduce these new taxes - which the state has never before received. The company will have to pay the taxes they owe after taking the credits that they have to earn. No current taxpayer money is going to Dell to pay for these tax credits.

If the company does not owe income taxes or franchise taxes that year, then it cannot use the credits that year.

**Why are these incentives so large?** Quite simply because the opportunity is large.

In today's world, finding a chance to create over 2,000 manufacturing and assembly jobs in America, with the resulting suppliers and positive economic effects throughout the community, is fairly rare. Current cash from the state treasury is not reduced, only the company's new taxes are reduced. Many of the reports also fail to describe clearly that the expected maximum benefit per year is only \$15 million in reduced taxes, while the \$240 million number is over 20 years.